



Republic of the Philippines
ENERGY REGULATORY COMMISSION '16 AUG -2 P3:30
 San Miguel Avenue, Pasig City

RECEIVED BY: _____

IN THE MATTER OF THE
 APPLICATION FOR AUTHORITY
 TO RETIRE THE PALOMAR
 SUBSTATION LOCATED AT
 TONDO, MANILA AND TO
 WITHDRAW FROM SERVICE
 CERTAIN EQUIPMENT AND
 MACHINERY INSTALLED IN
 SAID SUBSTATION, WITH
 PRAYER FOR PROVISIONAL
 AUTHORITY,

ERC CASE NO. 2016-150 *RC*

MANILA ELECTRIC COMPANY
 (MERALCO),

Applicant.

X-----X

APPLICATION

Applicant **MANILA ELECTRIC COMPANY (MERALCO)**, by undersigned counsel, and to this Honorable Commission, most respectfully avers that:

1. Applicant is a private corporation duly organized and existing under the laws of the Republic of the Philippines, with principal office located at Lopez Building, Ortigas Avenue, Barangay Ugong, Pasig City. It may be served with notices and other processes of this Honorable Commission through its undersigned counsel at the address indicated herein.

2. Applicant has a legislative franchise to construct, operate and maintain an electric power distribution system for the conveyance of electric power to the end-users in the cities and municipalities of Metro Manila, Bulacan, Cavite and Rizal, and certain cities/municipalities/barangays in Batangas, Laguna, Quezon and Pampanga, pursuant to Republic Act No. 9209.

3. Applicant seeks for authority to retire the Palomar Substation and withdraw certain equipment and machineries in said substation.

4. The instant Application is filed pursuant to following:

a. Distribution Services and Open Access Rules (DSOAR)

"1.7 No DU shall increase, substitute or withdraw from service any of its authorized equipment and machinery without the prior authority from the ERC, except in case of emergency whereby the ERC shall be notified not later than seventy-two (72) hours of such increase, substitution or withdrawal of authorized equipment. Provided, however, that the utility shall comply with the ERC's application for retirement."

b. Amendments to DSOAR

"1.7.1

xxx

The DU may increase, substitute or withdraw from service its authorized equipment and machinery in accordance with the Rules for Approval of Regulated Entities' Capital Expenditure Projects, RDWR and other ERC Rules. If such undertaking is not covered by the RDWR or other rules, authorization shall be secured from the ERC in accordance with pertinent provision of the Rules for Approval of Regulated Entities' Capital Expenditure Projects."

c. Decision dated December 1, 2010¹ in ERC Case No. 2009-118 MC² and Decision dated December 12, 2011³ in ERC Case No.2010-146 RC⁴

¹ Decision, page 9.

"A perusal of the evidence herein showed that the retirement of the Morong-Morong, Gaya –Gaya and Mauban substations and withdrawal of the equipment and machineries installed therein in the accordance with MERALCO's Conversion Program will redound to the benefit of the consumers in terms of continuous, reliable and efficient power supply as mandated by Republic Act 9136, or the Electric Power Industry Reform Act of 2001

In both Decisions, the Honorable Commission ruled that, "A perusal of evidence showed that the retirement of substations and withdrawal of the equipment and machineries installed therein will redound to the benefit of the consumers in terms of reliable and efficient power supply as mandated by Republic Act 9136, or the Electric Power Industry Reform Act of 2001 (Section 2. Declaration of Policy – (b) "to ensure the quality, reliability, security and affordability of the supply of electric power)."

BACKGROUND

5. The Palomar Substation is located at Tondo, Manila. The substation has two (2) - 12.5 MVA, 34.5 kV - 6.24 kV power transformer banks, which are both 56 years in service, and one (1) 61-yr old – 20 MVA 34.5 kV-13.8 kV and all of which have reached their standard asset lives.

6. Palomar Substation is one of the oldest MERALCO odd voltage substations (with voltage other than 34.5 kV or 13.8 kV) and is prone to flooding because of its location.

7. Applicant has programmed the gradual conversion of odd voltage systems (distribution system with voltages other than 34.5 kV or 13.8 kV) to the ultimate standardized 20 kV/34.5 kV (line-to-neutral/line to line) distribution voltage system within its franchise area. The voltage standardization will reduce technical system loss, improve flexibility and reliability of electric service by phasing out

(Section 2. Declaration of Policy– (b) "to ensure the quality, reliability, security and affordability of the supply of electric power)."

² In the Matter of the Application for Authority to Retire the Morong Substation located at Morong, Province Rizal, the Gaya-Gaya Substation located as San Jose Del Monte, Province of Bulacan and the Mauban Substation located at Mauban, Province of Quezon and to Withdraw from Service Certain Equipment and Machinery Installed in the said Substations, with Prayer for Provisional Authority.

³ Decision, page 9.

A perusal of the evidence presented herein showed that the retirement of substations in Cavite, Lucena II, Pagbilao, Forbes Park and Tondo as well as the withdrawal of the equipment and machineries installed therein, will redound to the benefit of the consumers in terms of continuous, reliable and efficient power supply as mandated by Republic Act 9136, or the Electric Power Industry Reform Act of 2001 (Section 2. Declaration of Policy – (b) "to ensure the quality, reliability, security and affordability of the supply of electric power.)"

⁴ In the Matter of the Application for Authority to Retire (1) The Cavite Substation located at Cavite City, (2) The Lucena II Substation located at Lucena City, Quezon Province, (3) Pagbilao Substation located at Pagbilao, Quezon Province, (4) Forbes Park Substation

isolated odd voltage systems and minimize equipment inventory types. Applicant continuously implements its Conversion Program with the aim of having standard voltage systems for its entire franchise area.

8. Thus, Applicant seeks authority from the Honorable Commission to retire the Palomar Substation and withdraw from service the equipment and machinery installed therein in line with its conversion program.

9. The retirement of Palomar Substation will not have an adverse impact on the customers in Tondo, Manila area since the 13.8 kV system was converted to 34.5 kV and the 6.24 kV loads of Palomar Substation will be converted to 34.5 kV. The transfer of said loads will eliminate the redundant 34.5 kV-6.24 kV step-down stage.

10. The retirement of the power transformer banks and the complete conversion to 34.5 kV of circuits Palomar 15L and Palomar 18L, will result in technical system loss reduction of approximately 240,242 KWHR annually.

11. Currently, Palomar substation is part of Applicant's Regulatory Asset Base (RAB). Upon its retirement, some of the equipment and machinery will be reused for distribution services and others will be withdrawn from service. The total amount for equipment and machinery that will be withdrawn from service is Three Million Four Hundred Ninety Three Thousand Four Hundred Eighty Nine Pesos, (PhP3,493,489).

12. In further support of the Application, attached hereto are the following documents:

- **Annex "A"** – Schematic Diagram showing the exact location of Palomar Substation and pictures thereof.
- **Annex "B"**- Detailed List of Equipment and Machinery to be re-used and/or retired in Palomar Substation, with corresponding specifications and values.
- **Annex "C"** –Load Simulation/study conducted on the effect of withdrawal from service of said equipment and machinery.

ISSUANCE OF PROVISIONAL AUTHORITY

13. The issuance of Provisional Authority is warranted under the circumstances considering that there is no reason to continue energizing the Palomar substation as the loads thereof may be transferred to adjacent source circuits. More importantly, the conversion of the loads of Palomar Substation to 34.5 kV will result in the reduction of technical system loss and improvement of the electric service by phasing out isolated odd-voltage system.

14. In further support of the Application and prayer for issuance of provisional authority, attached as **Annex "D"** is the Judicial Affidavit of Engr. Gerardo V. Lozada, Senior Manager and Officer of Applicant's Substation Asset Planning, Network Asset Planning Office

PRAYER

WHEREFORE, it is respectfully prayed to this Honorable Commission that: (1) Application for Retirement of Palomar Substation and withdrawal from service of equipment and machinery installed in said substation be APPROVED; and (2) Applicant be ALLOWED to re-use equipment in said substation that will not be retired.

Pending hearing, it is further prayed that a provisional authority be issued to Applicant.

Other relief just and equitable under the premises are likewise prayed for.

Pasig City, 08 July 2016.

MANILA ELECTRIC COMPANY

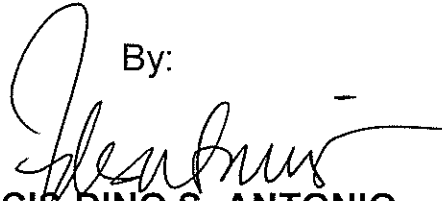
Applicant

Lopez Building,

Ortigas Avenue,

Barangay Ugong, Pasig City

By:



FRANCIS DINO S. ANTONIO

Counsel for Applicant

Roll of Attorneys No. 48145

PTR No. 1473407; 01/21/16; Pasig City

IBP No. 1023724; 01/08/16; RSM

MCLE Compliance No. V-0004608; 6 November 2014



HAZEL ROSE B. SEE

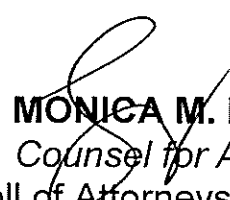
Counsel for Applicant

Roll of Attorneys No. 48265

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IBP LRN No. 06460; 1/16/07; QC

MCLE Compliance No. V-0002589; 9 June 2014



MONICA M. MARTIN

Counsel for Applicant

Roll of Attorneys No. 55693

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IBP No. 1023726; 01/08/16; RSM

MCLE Compliance No. V-0002591; 9 June 2014

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Email: regulatory.legal.admin@meralco.com.ph

Republic of the Philippines)
City of Pasig) S.S.

VERIFICATION
and CERTIFICATION ON NON-FORUM SHOPPING

I, **JOSE RONALD V. VALLES**, Filipino, of legal age, married, with office address at 7th Floor, Lopez Building, MERALCO Compound, Ortigas Avenue, Barangay Ugong, Pasig City, after being sworn in accordance with law, hereby depose and say that –

1. I am the Vice President and Head, Regulatory Affairs Office of Manila Electric Company, who is authorized to represent it in this Application as per the attached Secretary's Certificate (Annex "E");

2. I have caused the preparation of the instant Application and read the contents thereof, and I attest that the allegations herein contained are true and correct based on my personal knowledge and on authentic records;

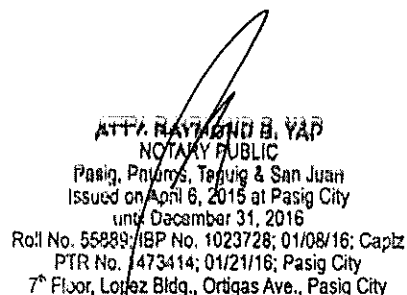
3. I have not commenced any other action or proceeding involving the same issues in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency and, to the best of my knowledge, no such other action or claim is pending therein; and,

4. Should I hereinafter learn that the same or a similar action or claim has been filed or is pending in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency, I shall report the said fact within five (5) days from discovery thereof to this Honorable Commission.

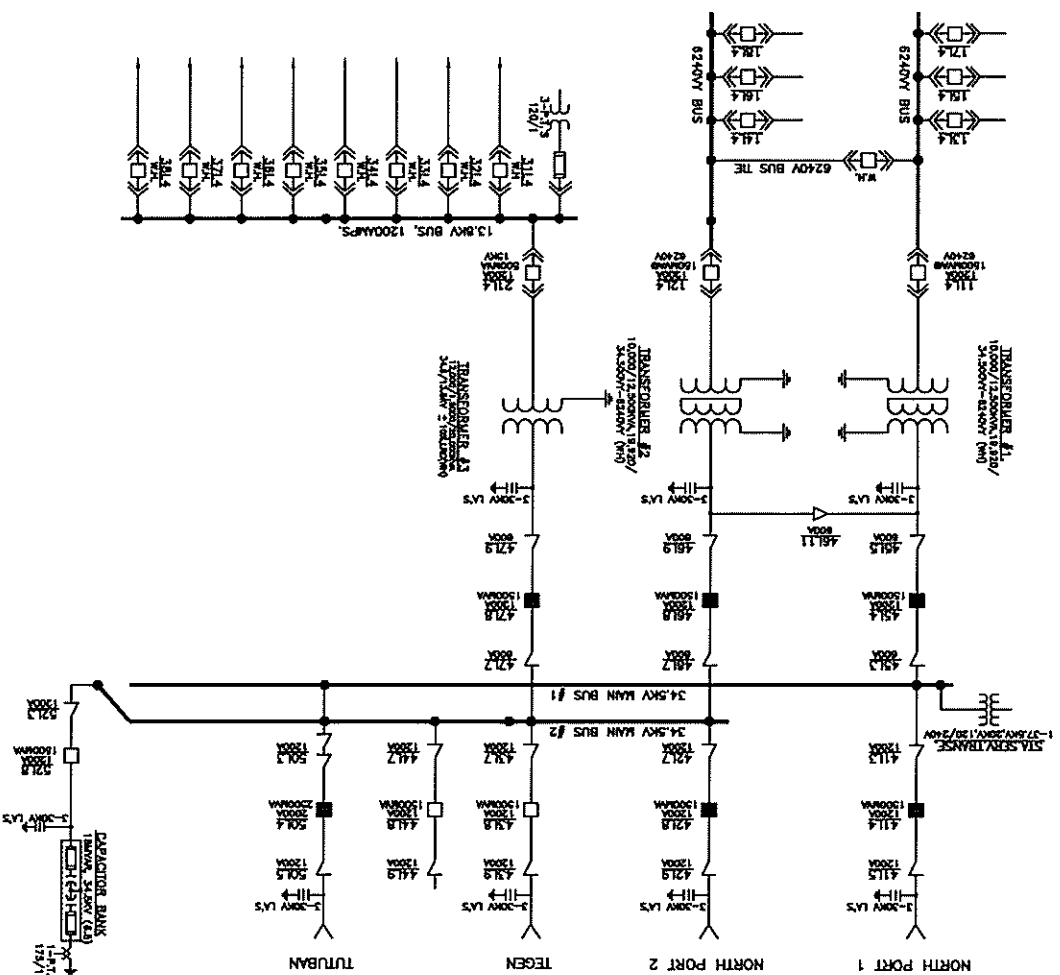

JOSE RONALD V. VALLES
Affiant

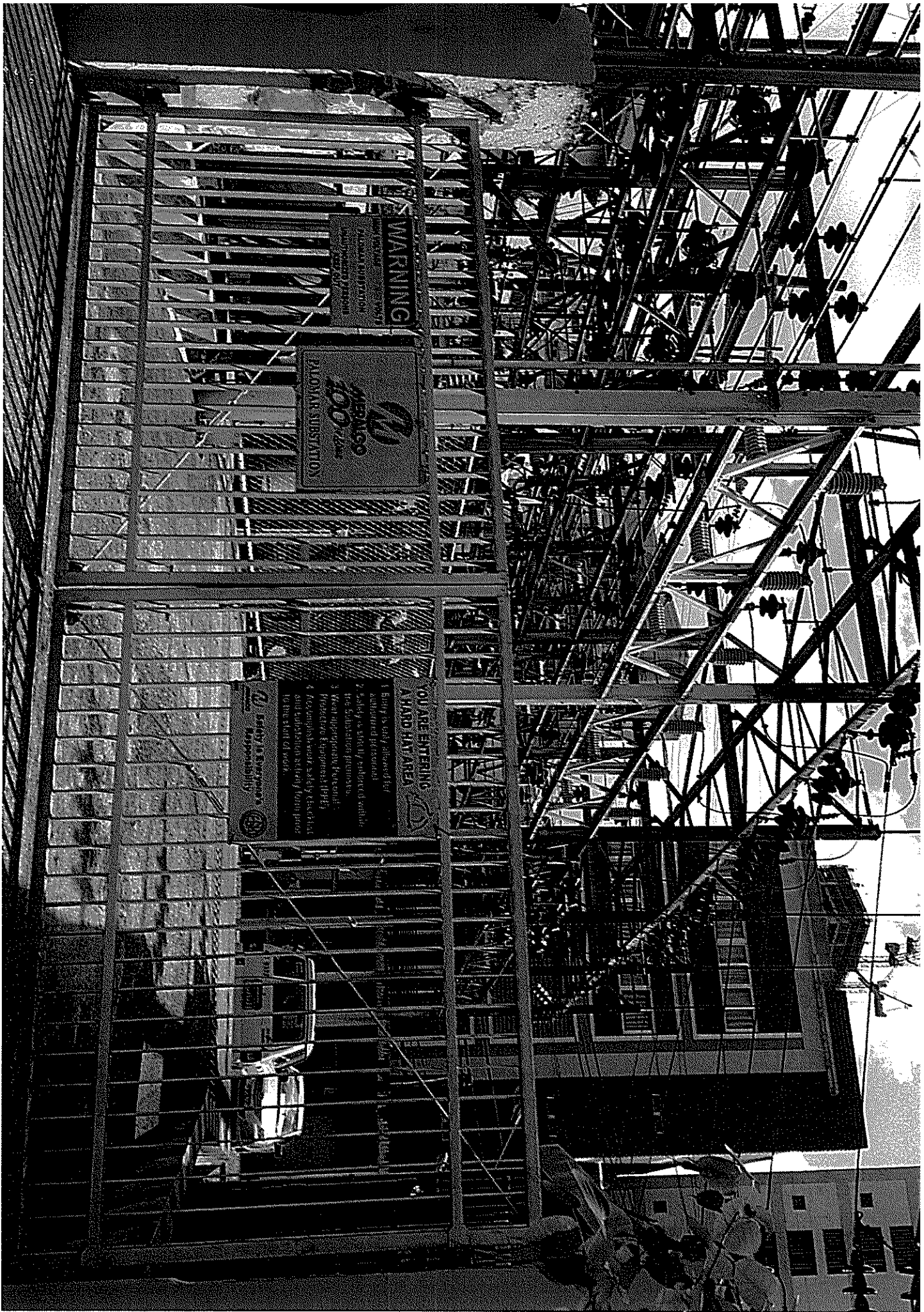
SUBSCRIBED and SWORN to before me this ____ day of JUL 08 2016 2016, affiant exhibited to me his SSS ID No. 33-10900088 issued in the Philippines.

Doc. No. 518 ;
Page No. 106 ;
Book No. I ;
Series of 2016.


ATTY. RAYMOND B. YAP
NOTARY PUBLIC
Pasig, Pinaros, Taguig & San Juan
Issued on April 6, 2015 at Pasig City
until December 31, 2016
Roll No. 55889 / IBP No. 1023728; 01/08/16; Capiz
PTR No. 1473414; 01/21/16; Pasig City
7th Floor, Lopez Bldg., Ortigas Ave., Pasig City

PALOMAR SUBSTATION





WARNING

ALWAYS WEAR YOUR SAFETY GEAR

MERCISO 100 kV

PLAZA SUBSTATION

YOU ARE ENTERING
A HAZARDOUS AREA

1. Keep a safe distance from all energized equipment.
2. Safety is the responsibility of every person who enters the substation premises.
3. When appropriate, wear your hard hat and safety glasses.
4. For additional safety, check that all equipment is properly grounded before touching it.

CSX
Safety is everyone's responsibility



PALOMAR SUBSTATION: Facilities for retirement and not for reuse

NO.	DESCRIPTION	NET BOOK VALUE	REMARKS
1	YARD FENCING, ADDITIONAL HEIGHT	0	FULLY DEPRECIATED
2	ADDITIONAL CONCRETE YARD FENCING	0	FULLY DEPRECIATED
3	REINFORCED CONCRETE SIDEWALKS	0	FULLY DEPRECIATED
4	GUARD HOUSE	27,470	
5	SUBSTATION TOILET	18,557	
6	CONCRETE SUBSTATION METALCLAD BATTERY HOUSE	35,858	
7	CONCRETE CONTROL HOUSE	35,858	
8	DEEPWELL DRILLING SERV. & INST. OF PIPE CASINGS	118,937	
9	WATER CONNECTION	8,913	
10	SCADA ROOM, TYPE "C", 5650 MM X 2600 MM	148,933	
11	PERIMETER LIGHTING SYSTEM	77,484	
12	DS-PXF-20MVA-BELOW; 3-PH; PRIMARY VOLTAGE 34.5KV	1,631,650	
13	DS-OCB, OUTDOOR, 34.5KV	0	FULLY DEPRECIATED
14	DS-OCB, OUTDOOR, 34.5KV	0	FULLY DEPRECIATED
15	DS-OCB, OUTDOOR, 34.5KV	0	FULLY DEPRECIATED
16	DS-OCB, OUTDOOR, 34.5KV	0	FULLY DEPRECIATED
17	DS-MCSWGR 6.24KV, METALCLAD ENCLOSURES AND BAYS	0	FULLY DEPRECIATED
18	DS-MCSWGR 6.24KV, METALCLAD ENCLOSURES AND BAYS	0	FULLY DEPRECIATED
19	DS-MCSWGR-13.8KV, METALCLAD ENCLOSURES AND BAYS	0	FULLY DEPRECIATED
20	DS-ACB, INDOOR, 13.8KV	0	FULLY DEPRECIATED
21	DS-ACB, INDOOR, 13.8KV	0	FULLY DEPRECIATED
22	DS-ACB, INDOOR, 13.8KV	0	FULLY DEPRECIATED
23	DS-ACB, INDOOR, 13.8KV	0	FULLY DEPRECIATED
24	DS-ACB, INDOOR, 13.8KV	0	FULLY DEPRECIATED
25	DS-ACB, INDOOR, 13.8KV	0	FULLY DEPRECIATED
26	DS-ACB, INDOOR, 6.24KV	0	FULLY DEPRECIATED
27	DS-ACB, INDOOR, 6.24KV	0	FULLY DEPRECIATED
28	DS-ACB, INDOOR, 6.24KV	0	FULLY DEPRECIATED
29	DS-ACB, INDOOR, 6.24KV	0	FULLY DEPRECIATED
30	DS-ACB, INDOOR, 6.24KV	0	FULLY DEPRECIATED
31	DS-ACB, INDOOR, 6.24KV	0	FULLY DEPRECIATED
32	DS-ACB, INDOOR, 6.24KV	0	FULLY DEPRECIATED
33	DS-ACB, INDOOR, 6.24KV	0	FULLY DEPRECIATED
34	DS-ACB, INDOOR, 6.24KV	0	FULLY DEPRECIATED
35	DS-DSWITCH-34.5 KV, 1200 A, W/O ES, MANUAL	0	FULLY DEPRECIATED
36	DS-DSWITCH-34.5 KV, 1200 A, W/O ES, MANUAL	0	FULLY DEPRECIATED
37	DS-DSWITCH-34.5 KV, 1200 A, W/O ES, MANUAL	0	FULLY DEPRECIATED
38	DS-DSWITCH-34.5 KV, 1200 A, W/O ES, MANUAL	0	FULLY DEPRECIATED
39	DS-DSWITCH-34.5 KV, 1200 A, W/O ES, MANUAL	0	FULLY DEPRECIATED
40	DS-DSWITCH-34.5 KV, 1200 A, W/O ES, MANUAL	0	FULLY DEPRECIATED
41	DS-DSWITCH-34.5 KV, 1200 A, W/O ES, MANUAL	0	FULLY DEPRECIATED
42	DS-DSWITCH-34.5 KV, 600 A, W/O ES, MANUAL	0	FULLY DEPRECIATED
43	DS-DSWITCH-34.5 KV, 600 A, W/O ES, MANUAL	0	FULLY DEPRECIATED
44	DS-DSWITCH-34.5 KV, 600 A, W/O ES, MANUAL	0	FULLY DEPRECIATED
45	DS-DSWITCH-34.5 KV, 600 A, W/O ES, MANUAL	0	FULLY DEPRECIATED
46	DS-DSWITCH-34.5 KV, 600 A, W/O ES, MANUAL	0	FULLY DEPRECIATED
47	DS-DSWITCH-34.5 KV, 600 A, W/O ES, MANUAL	0	FULLY DEPRECIATED
48	DS-DSWITCH-34.5 KV, 600 A, W/O ES, MANUAL	115,250	
49	DS-CURRENT TRANSFORMER- 13.8 KV	0	FULLY DEPRECIATED
50	DS-CURRENT TRANSFORMER- 13.8 KV	0	FULLY DEPRECIATED
51	DS-CURRENT TRANSFORMER- 13.8 KV	0	FULLY DEPRECIATED
52	DS-CURRENT TRANSFORMER- 13.8 KV	0	FULLY DEPRECIATED
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63	DS-CURRENT TRANSFORMER- 13.8 KV	0	FULLY DEPRECIATED
64	DS-CURRENT TRANSFORMER- 13.8 KV	0	FULLY DEPRECIATED

PALOMAR SUBSTATION: Facilities for retirement and not for reuse

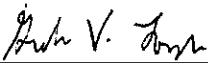
NO.	DESCRIPTION	NET BOOK VALUE	REMARKS
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66	DS-CURRENT TRANSFORMER- 13.8 KV	0	FULLY DEPRECIATED
67	DS-CURRENT TRANSFORMER- 13.8 KV	0	FULLY DEPRECIATED
68	DS-CURRENT TRANSFORMER- 13.8 KV	0	FULLY DEPRECIATED
69	DS-CURRENT TRANSFORMER- 13.8 KV	0	FULLY DEPRECIATED
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118	DS-POTENTIAL TRANSFORMER- 34.5 KV	0	FULLY DEPRECIATED
119	DS-POTENTIAL TRANSFORMER- 34.5 KV	0	FULLY DEPRECIATED
120	DS-POTENTIAL TRANSFORMER- 34.5 KV	0	FULLY DEPRECIATED
121	DS-POTENTIAL TRANSFORMER- 34.5 KV	0	FULLY DEPRECIATED
122	DS-S-BATT-LD ACID 470 AH; 60 - 2V CELLS; 120 VDC	367,862	
123	DS-DISTRIBUTION BOX-OUTDOOR AC	0	FULLY DEPRECIATED
124	DS-DISTRIBUTION BOX-OUTDOOR DC	0	FULLY DEPRECIATED
125	DS-S/S UG COND-CU PWR CABLE; 1/C 8KV; 500 KCMIL	0	FULLY DEPRECIATED
126	DS-S/S UG COND-CU PWR CABLE; 1/C 8KV; 500 KCMIL	0	FULLY DEPRECIATED
127	DS-FREQUENCY RELAY	39,318	
128	DS-FREQUENCY RELAY	39,318	

PALOMAR SUBSTATION: Facilities for retirement and not for reuse

NO.	DESCRIPTION	NET BOOK VALUE	REMARKS
129	DS-OVERCURRENT RELAY	108,334	
130	DS-OVERCURRENT RELAY	108,334	
131	DS-OVERCURRENT RELAY	108,334	
132	DS-PROTECTIVE RELAYS, 1-PHASE	4,579	
133	DS-PROTECTIVE RELAYS, 1-PHASE	4,579	
134	DS-PROTECTIVE RELAYS, 1-PHASE	4,579	
135	DS-PROTECTIVE RELAYS, 1-PHASE	1,526	
136	DS-PROTECTIVE RELAYS, 1-PHASE	4,579	
137	DS-PROTECTIVE RELAYS, 1-PHASE	1,526	
138	DS-PROTECTIVE RELAYS, 1-PHASE	5,646	
139	DS-PROTECTIVE RELAYS, 1-PHASE	16,937	
140	DS-PROTECTIVE RELAYS, 1-PHASE	16,937	
141	DS-PROTECTIVE RELAYS, 1-PHASE	16,937	
142	DS-PROTECTIVE RELAYS, 1-PHASE	16,937	
143	DS-PROTECTIVE RELAYS, 1-PHASE	16,937	
144	DS-PROTECTIVE RELAYS, 1-PHASE	16,937	
145	DS-PROTECTIVE RELAYS, 1-PHASE	16,937	
146	DS-PROTECTIVE RELAYS, 1-PHASE	16,937	
147	DS-PROTECTIVE RELAYS, 1-PHASE	16,937	
148	DS-PROTECTIVE RELAYS, 1-PHASE	5,646	
149	DS-PROTECTIVE RELAYS, 1-PHASE	16,937	
150	DS-PROTECTIVE RELAYS, 1-PHASE	5,646	
151	DS-PROTECTIVE RELAYS, 1-PHASE	16,937	
152	DS-PROTECTIVE RELAYS, 1-PHASE	5,646	
153	DS-PROTECTIVE RELAYS, 1-PHASE	16,937	
154	DS-PROTECTIVE RELAYS, 1-PHASE	5,646	
155	DS-PROTECTIVE RELAYS, 1-PHASE	5,646	
156	DS-PROTECTIVE RELAYS, 1-PHASE	16,937	
157	DS-PROTECTIVE RELAYS, 1-PHASE	5,646	
158	DS-PROTECTIVE RELAYS, 1-PHASE	16,937	
159	DS-PROTECTIVE RELAYS, 1-PHASE	5,646	
160	DS-PROTECTIVE RELAYS, 1-PHASE	16,937	
161	DS-PROTECTIVE RELAYS, 1-PHASE	16,937	
162	DS-PROTECTIVE RELAYS, 1-PHASE	5,646	
163	DS-PROTECTIVE RELAYS, 1-PHASE	11,292	
164	DS-PROTECTIVE RELAYS, 1-PHASE	5,646	
165	DS-PROTECTIVE RELAYS, 1-PHASE	5,646	
166	DS-PROTECTIVE RELAYS, 1-PHASE	5,646	
167	DS-PROTECTIVE RELAYS, 1-PHASE	5,646	
168	DS-VOLTAGE REGULATOR CONTROLLER	59,996	
169	DS-VOLTAGE RELAY	18,442	
170	DS-COMMUNICATION MULTIPLEXOR	47,587	
171	DS-CONTROL PANEL (1 CUBICLE)	0	FULLY DEPRECIATED
172	DS-CONTROL PANEL (1 CUBICLE)	0	FULLY DEPRECIATED
173	DS-CONTROL PANEL (1 CUBICLE)	0	FULLY DEPRECIATED
174	DS-CONTROL PANEL (1 CUBICLE)	0	FULLY DEPRECIATED
175	DS-CONTROL PANEL (1 CUBICLE)	0	FULLY DEPRECIATED
176	DS-CONTROL PANEL (1 CUBICLE)	0	FULLY DEPRECIATED

TOTAL COST

3,493,489



Gerardo V. Lozada
Network Asset Planning
Substation Asset Planning

Detailed List of Equipment and Machinery in Palomar Odd-Voltage Substation

DESCRIPTION	VINTAGE YEAR	NET BOOK VALUE AS OF JANUARY 31, 2016	REMARKS
LAND			
PALOMAR SUBSTATION - Cor. Balintawak, La Torre & Narra Sts., Tondo, Manila (Lot area =1,165.40 sqm)	1/1/1945	23,308,000	FOR REUSE
sub-total		23,308,000	
STRUCTURES AND IMPROVEMENT			
YARD FENCING, ADDITIONAL HEIGHT	1/1/1972	0	FOR RETIREMENT
ADDITIONAL CONCRETE YARD FENCING	1/1/1963	0	FOR RETIREMENT
REINFORCED CONCRETE SIDEWALKS	1/1/1964	0	FOR RETIREMENT
GUARD HOUSE	1/1/1981	27,470	FOR RETIREMENT
SUBSTATION TOILET	1/1/1981	18,557	FOR RETIREMENT
CONCRETE SUBSTATION METALCLAD BATTERY HOUSE	1/1/1994	35,858	FOR RETIREMENT
CONCRETE CONTROL HOUSE	1/1/1994	35,858	FOR RETIREMENT
DEEPWELL DRILLING SERV. & INST. OF PIPE CASINGS	6/1/2011	118,937	FOR RETIREMENT
WATER CONNECTION	1/1/1999	8,913	FOR RETIREMENT
SCADA ROOM, TYPE "C", 5650 MM X 2600 MM	1/1/1994	148,933	FOR RETIREMENT
PERIMETER LIGHTING SYSTEM	6/1/2006	77,484	FOR RETIREMENT
sub-total		472,009	
STATION EQUIPMENT			
DS-PXF-20MVA-BELOW; 3-PH; PRIMARY VOLTAGE 34.5KV	4/1/1960	0	FOR REUSE
DS-PXF-20MVA-BELOW; 3-PH; PRIMARY VOLTAGE 34.5KV	4/1/1960	0	FOR REUSE
DS-PXF-20MVA-BELOW; 3-PH; PRIMARY VOLTAGE 34.5KV	3/23/1995	1,631,650	FOR RETIREMENT
DS-THERMAL INDICATOR	4/1/1960	0	FOR REUSE
DS-OLTC-DIVERTER SWITCH	3/23/1995	594,096	FOR REUSE
DS-OLTC-MOTOR DRIVE UNIT	3/23/1995	0	FOR REUSE
DS-THERMAL INDICATOR	3/23/1995	68,045	FOR REUSE
DS-GCB, DEAD TANK , 34.5KV, 1200A. 31.5KA	6/23/2012	1,996,653	FOR REUSE
DS-GCB, DEAD TANK , 34.5KV, 1200A, 40KA	10/28/2007	1,842,508	FOR REUSE
DS-GCB, DEAD TANK , 34.5KV, 1200A. 31.5KA	3/7/2008	1,748,174	FOR REUSE
DS-GCB, DEAD TANK , 34.5KV, 1200A, 40KA	4/18/2002	966,395	FOR REUSE
DS-GCB, DEAD TANK , 34.5KV, 1200A. 31.5KA	1/1/1995	911,050	FOR REUSE
DS-OCB, OUTDOOR, 34.5KV	1/1/1960	0	FOR RETIREMENT
DS-OCB, OUTDOOR, 34.5KV	1/1/1960	0	FOR RETIREMENT
DS-OCB, OUTDOOR, 34.5KV	1/1/1960	0	FOR RETIREMENT
DS-OCB, OUTDOOR, 34.5KV	1/1/1960	0	FOR RETIREMENT
DS-MCSWGR 6.24KV, METALCLAD ENCLOSURES AND BAYS	1/1/1957	0	FOR RETIREMENT
DS-MCSWGR 6.24KV, METALCLAD ENCLOSURES AND BAYS	1/1/1960	0	FOR RETIREMENT
DS-MCSWGR-13.8KV, METALCLAD ENCLOSURES AND BAYS	1/1/1957	0	FOR RETIREMENT
DS-ACB, INDOOR, 13.8KV	1/1/1957	0	FOR RETIREMENT
DS-ACB, INDOOR, 13.8KV	1/1/1957	0	FOR RETIREMENT
DS-ACB, INDOOR, 13.8KV	12/1/1957	0	FOR RETIREMENT
DS-ACB, INDOOR, 13.8KV	1/1/1957	0	FOR REUSE
DS-ACB, INDOOR, 13.8KV	12/1/1957	0	FOR REUSE
DS-ACB, INDOOR, 13.8KV	12/1/1957	0	FOR RETIREMENT
DS-ACB, INDOOR, 13.8KV	1/1/1957	0	FOR RETIREMENT
DS-ACB, INDOOR, 13.8KV	12/1/1957	0	FOR RETIREMENT
DS-ACB, INDOOR, 6.24KV	1/1/1960	0	FOR RETIREMENT
DS-ACB, INDOOR, 6.24KV	1/1/1957	0	FOR RETIREMENT
DS-ACB, INDOOR, 6.24KV	1/1/1960	0	FOR RETIREMENT
DS-ACB, INDOOR, 6.24KV	1/1/1957	0	FOR RETIREMENT
DS-ACB, INDOOR, 6.24KV	1/1/1957	0	FOR RETIREMENT
DS-ACB, INDOOR, 6.24KV	1/1/1957	0	FOR RETIREMENT
DS-ACB, INDOOR, 6.24KV	1/1/1957	0	FOR RETIREMENT
DS-ACB, INDOOR, 6.24KV	1/1/1957	0	FOR RETIREMENT
DS-DSWITCH-34.5 KV, 1200 A, W/O ES, MANUAL	1/1/1960	0	FOR RETIREMENT
DS-DSWITCH-34.5 KV, 1200 A, W/O ES, MANUAL	1/1/1960	0	FOR RETIREMENT
DS-DSWITCH-34.5 KV, 1200 A, W/O ES, MANUAL	1/1/1960	0	FOR RETIREMENT
DS-DSWITCH-34.5 KV, 1200 A, W/O ES, MANUAL	1/1/1960	0	FOR RETIREMENT
DS-DSWITCH-34.5 KV, 1200 A, W/O ES, MANUAL	1/1/1960	0	FOR RETIREMENT
DS-DSWITCH-34.5 KV, 1200 A, W/O ES, MANUAL	1/1/1960	0	FOR RETIREMENT
DS-DSWITCH-34.5 KV, 1200 A, W/O ES, MANUAL	1/1/1960	0	FOR RETIREMENT
DS-DSWITCH-34.5 KV, 1200 A, W/O ES, MANUAL	1/1/1960	0	FOR RETIREMENT
DS-DSWITCH-34.5 KV, 1200 A, W/O ES, MANUAL	4/18/2002	256,298	FOR REUSE
DS-DSWITCH-34.5 KV, 1200 A, W/O ES, MANUAL	4/18/2002	256,298	FOR REUSE
DS-DSWITCH-34.5 KV, 600 A, W/O ES, MANUAL	1/1/1960	0	FOR RETIREMENT
DS-DSWITCH-34.5 KV, 600 A, W/O ES, MANUAL	1/1/1960	0	FOR RETIREMENT
DS-DSWITCH-34.5 KV, 600 A, W/O ES, MANUAL	1/1/1960	0	FOR RETIREMENT
DS-DSWITCH-34.5 KV, 600 A, W/O ES, MANUAL	1/1/1960	0	FOR RETIREMENT
DS-DSWITCH-34.5 KV, 600 A, W/O ES, MANUAL	1/1/1960	0	FOR RETIREMENT
DS-DSWITCH-34.5 KV, 600 A, W/O ES, MANUAL	1/1/1960	0	FOR RETIREMENT
DS-DSWITCH-34.5 KV, 600 A, W/O ES, MANUAL	1/1/1960	0	FOR RETIREMENT
DS-DSWITCH-34.5 KV, 600 A, W/O ES, MANUAL	2/24/2008	115,250	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	1/1/1957	0	FOR RETIREMENT

DESCRIPTION	VINTAGE YEAR	NET BOOK VALUE AS OF JANUARY 31, 2016	REMARKS
DS-CURRENT TRANSFORMER- 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- 13.8 KV	12/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- BELOW 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- BELOW 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- BELOW 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- BELOW 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- BELOW 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- BELOW 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- BELOW 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- BELOW 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- BELOW 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- BELOW 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- BELOW 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- BELOW 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- BELOW 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- BELOW 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- BELOW 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- BELOW 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- BELOW 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- BELOW 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-CURRENT TRANSFORMER- BELOW 13.8 KV	1/1/1957	0	FOR RETIREMENT
DS-POTENTIAL TRANSFORMER- 34.5 KV	1/1/1957	0	FOR RETIREMENT
DS-POTENTIAL TRANSFORMER- 34.5 KV	1/1/1957	0	FOR RETIREMENT
DS-POTENTIAL TRANSFORMER- 34.5 KV	1/1/1957	0	FOR RETIREMENT
DS-POTENTIAL TRANSFORMER- 34.5 KV	1/1/1957	0	FOR RETIREMENT
DS-S-BATT-LD ACID 470 AH; 60 - 2V CELLS; 120 VDC	8/12/2008	367,862	FOR RETIREMENT
DS-DISTRIBUTION BOX-OUTDOOR AC	7/1/1957	0	FOR RETIREMENT
DS-DISTRIBUTION BOX-OUTDOOR DC	7/1/1957	0	FOR RETIREMENT
DS-S/S CAP 34.5 KV, 14.4 MVAR CAP BANK	1/1/1957	0	FOR REUSE
DS-SST, 37.5 KVA, 1-PH, 19.92KV-240/120V	4/1/1960	0	FOR REUSE
DS-S/S UG COND-CU PWR CABLE; 1/C 8KV; 500 KCMIL	4/1/1960	0	FOR RETIREMENT
DS-S/S UG COND-CU PWR CABLE; 1/C 8KV; 500 KCMIL	4/1/1960	0	FOR RETIREMENT
DS-DIRECTIONAL OVERCURRENT RELAY	5/13/2012	140,478	FOR REUSE
DS-DIRECTIONAL OVERCURRENT RELAY	5/12/2009	124,474	FOR REUSE
DS-DIRECTIONAL OVERCURRENT RELAY	5/19/2009	124,474	FOR REUSE
DS-DIRECTIONAL OVERCURRENT RELAY	11/29/2011	137,811	FOR REUSE
DS-FREQUENCY RELAY	3/23/1995	39,318	FOR RETIREMENT
DS-FREQUENCY RELAY	3/23/1995	39,318	FOR RETIREMENT
DS-LOCKOUT RELAY	3/23/1995	28,779	FOR REUSE
DS-OVERCURRENT RELAY	11/6/2011	108,334	FOR RETIREMENT
DS-OVERCURRENT RELAY	11/11/2011	108,334	FOR RETIREMENT
DS-OVERCURRENT RELAY	11/22/2011	108,334	FOR RETIREMENT
DS-PROTECTIVE RELAYS, 1-PHASE	1/1/1990	4,579	FOR RETIREMENT
DS-PROTECTIVE RELAYS, 1-PHASE	1/1/1990	4,579	FOR RETIREMENT


Gerardo V. Lozada
Network Asset Planning
Substation Asset Planning

RETIREMENT OF PALOMAR SUBSTATION AND COMPLETE CONVERSION OF PALOMAR 6.24 KV CIRCUITS TO 34.5 KV**Background & Reason:**

Palomar Substation is one of the oldest MERALCO odd-voltage substations and also prone to flooding. The 12.5 MVA, 34.5 kV - 6.24 kV Palomar Banks No. 1 and 2 are both 56 years old and the 20 MVA 34.5 kV-13.8 kV power transformer is 61 years old. Hence, all of said power transformers have already exceeded their economic life.

MERALCO has programmed the gradual conversion of odd-voltage systems to the ultimate distribution voltage for each part of the franchise area. The project "Retirement of Palomar Substation and Upgrading of Palomar 6.24 kV Circuits to 34.5 kV", is in line with the company's conversion program which will give way to the development of the ultimate 20 kV / 34.5 kV distribution system in this odd-voltage area. This will reduce technical losses, improve feeder flexibility and voltage regulation as well as eliminate unnecessary inventory costs of maintaining odd-voltage equipment.

The retirement of Palomar Substation will not have an adverse impact on the existing customers in Tondo, Manila area. Since the 13.8 kV system was converted to 34.5 kV and the 6.24 kV loads of Palomar substation will be converted to 34.5 kV by tapping them to the 34.5 kV circuits North Port 406H, North Port 51H, Tutuban 43VT and Tutuban 56VT, while some will be temporarily shifted to the adjoining 6.24kV circuit Binondo 19N which will also be eventually converted to 34.5 kV. Therefore, there will be no redundant 34.5 kV – 6.24 kV step-down stage.

This project would benefit the customers in Binondo and Tondo, Manila considering that the complete conversion of the existing circuits of Palomar Substation to 34.5 kV will provide the much needed reserve capacity for contingency operations. Thus, the same will give the customers in the area a more flexible and reliable source.

Loss Reduction:

The retirement of the power transformer banks and the complete conversion to 34.5 kV of circuits Palomar 15L and Palomar 18L, will result in technical system loss reduction of approximately 240,242 KWHR annually.

Load Analysis

Bank / Feeder	Capacity (MVA)	Without Project		With Project	
		Loading	% Loading	Loading	% Loading
Palomar Bank #1	12.5	0.68	5%	-	0%
Palomar 15L	6.92	0.68	10%	-	0%
Palomar Bank #2	12.5	0.62	5%	-	0%
Palomar 18L	7.78	0.62	8%	-	0%
Palomar Bank #3	20.0	0.07	0.4%	-	0%
Binondo Bank #2	12.5	6.81	54%	7.08	57%
Binondo 19N	5.19	1.39	27%	1.66	32%
North Port Bank #1	83.3	47.52	57%	47.87	57%
North Port 406H	53.8	11.11	8%	11.46	21%
North Port Bank #6	133	59.76	45%	60.26	45%
North Port 51H	57.4	32.57	57%	33.06	58%
Tutuban Bank #1	83.3	54.06	65%	55.28	66%
Tutuban 43VT	28.7	14.90	52%	16.12	56%
Tutuban Bank #2	83.3	40.81	49%	40.55	49%
Tutuban 56VT	47.8	12.71	27%	12.44	26%
*Capacity & Loading in MVA					

Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

IN THE MATTER OF THE
APPLICATION FOR AUTHORITY
TO RETIRE THE PALOMAR
SUBSTATION LOCATED AT
TONDO, MANILA AND TO
WITHDRAW FROM SERVICE
CERTAIN EQUIPMENT AND
MACHINERY INSTALLED IN
SAID SUBSTATION, WITH
PRAYER FOR PROVISIONAL
AUTHORITY,

ERC CASE NO. _____

**MANILA ELECTRIC COMPANY
(MERALCO),**

Applicant.

X-----X

JUDICIAL AFFIDAVIT
OF ENGR. GERARDO V. LOZADA

The following examination of witness **ENGR. GERARDO V. LOZADA**, of legal age, with office address at 5th Floor, Technical Services Building, Ortigas Avenue, Barangay Ugong, Pasig City and who is the Senior Manager and Officer of MERALCO's Substation Asset Planning, Network Asset Planning Office, was conducted by Atty. Carmen Grace S. Ramos, at the 7th Floor, Lopez Building, Ortigas Avenue, Barangay Ugong, Pasig City, on 08 July 2016.

The testimony of **ENGR. GERARDO V. LOZADA** is being offered for following purposes:

1. To prove that there is a need to retire the Palomar Substation and to withdraw from service certain equipment and machineries installed therein and the same is in pursuit of Applicant's Conversion Program on gradual conversion of its distribution system voltages to the standardized 20 kV/34.5 kV distribution system in its franchise area;

2. To prove that the retirement of Palomar substation will not have an adverse impact to the affected customers in the areas; and

3. To prove all matters pertinent to the Application.

I, GERARDO V. LOZADA, Filipino, married, of legal age, with office address at Manila Electric Company (MERALCO), 5th Floor, Technical Services Building, Meralco Center, Ortigas Avenue, Barangay Ugong, Pasig City, after having been duly sworn to in accordance with law, fully conscious that I am answering the questions under oath, hereby depose and state THAT:

Q1: What are your professional and educational qualifications?

A1: I am a licensed Professional Electrical Engineer. I passed the April 1992 Board Examination and was the 16th placer of the said exam. I also passed the Assistant Electrical Engineering Board Examination in April 1984.

My educational background is as follows:

- Master of Science in Electrical Engineering (Major in Power), U.P. Diliman, April 27, 2003
- Bachelor of Science in Electrical Engineering, U.P Diliman , October 28, 1983.

Q2: Where are you presently employed?

A2: I am presently employed at the Manila Electric Company (MERALCO) as Senior Manager and Officer of the Substation Asset Planning Team under the Network Asset Planning Office.

Q3: How long have you been employed by MERALCO?

A3: I have been employed by MERALCO since January 14, 1985 or for more than thirty one (31) years. Prior to my current position, I was the Team Leader of MERALCO's Network System Development Team, Network Asset Planning Office.

Q4: What are your duties and responsibilities as Senior Manager and Officer of MERALCO's Substation Asset Planning, Network Asset Planning Office?

A4: My duties and responsibilities, involve among other things, preparation of short-range (one to two years), Medium Range (up to five years horizon) and long range (more than five years) major substation Electrical Capital Projects (ECP) for the purposes of meeting future load growth. Part of my functions involves determination of the substation facilities are due for retirement.

Q5: Are you familiar with the Application of MERALCO entitled: **"IN THE MATTER OF THE APPLICATION FOR AUTHORITY TO RETIRE THE PALOMAR SUBSTATION LOCATED AT TONDO, MANILA AND TO WITHDRAW FROM SERVICE CERTAIN EQUIPMENT AND MACHINERY INSTALLED IN SAID SUBSTATION, WITH PRAYER FOR PROVISIONAL AUTHORITY"**?

A5: Yes. I am familiar with said Application since I have participated in the preparation of the said Application as well as its supporting documents.

Q6: What are the supporting documents you prepared in relation to the Application?

A6: The following are the supporting documents to the Application:

- **Annex "A"** –Schematic Diagram showing the exact location of Palomar Substation and pictures thereof.
- **Annex "B"**- Detailed List of Equipment and Machinery to be re-used and/or retired in Palomar Substation, with corresponding specifications and values.
- **Annex "C"** –Load Simulation/study conducted on the effect of withdrawal from service of said equipment and machinery.

Q7: What is the basis for filing of the instant Application?

A7: The instant Application is filed pursuant to following:

a. Distribution Services and Open Access Rules (DSOAR)

"1.7 No DU shall increase, substitute or withdraw from service any of its authorized equipment and machinery without the prior authority from the ERC, except in case of emergency whereby the ERC shall be notified not later than seventy-two (72) hours of such increase, substitution or withdrawal of authorized equipment. Provided, however, that the utility shall comply with the ERC's application for retirement."

b. Amendments to DSOAR

"1.7.1

Xxx

The DU may increase, substitute or withdraw from service its authorized equipment and machinery in accordance with the Rules for Approval of Regulated Entities' Capital Expenditure Projects, RDWR and other ERC Rules. If such undertaking is not covered by the RDWR or other rules, authorization shall be secured from the ERC in accordance with pertinent provision of the Rules for Approval of Regulated Entities' Capital Expenditure Projects."

c. Decision dated December 1, 2010¹ in ERC Case No. 2009-118 MC² and Decision dated December 12, 2011³ in ERC Case No.2010-146 RC⁴

In both Decisions, the Honorable Commission ruled that, "A perusal of evidence showed that the retirement of substations and withdrawal of the equipment and machineries installed therein will redound to the benefit of the consumers in terms of reliable and efficient power supply as mandated by Republic Act 9136, or the Electric Power Industry Reform Act of 2001 (Section 2. Declaration of Policy

¹ Decision, page 9.

"A perusal of the evidence herein showed that the retirement of the Morong-Morong, Gaya –Gaya and Mauban substations and withdrawal of the equipment and machineries installed therein in the accordance with MERALCO's Conversion Program will redound to the benefit of the consumers in terms of continuous, reliable and efficient power supply as mandated by Republic Act 9136, or the Electric Power Industry Reform Act of 2001 (Section 2. Declaration of Policy) – (b) "to ensure the quality, reliability, security and affordability of the supply of electric power."

² In the Matter of the Application for Authority to Retire the Morong Substation located at Morong, Province Rizal, the Gaya-Gaya Substation located as San Jose Del Monte, Province of Bulacan and the Mauban Substation located at Mauban, Province of Quezon and to Withdraw from Service Certain Equipment and Machinery Installed in the said Substations, with Prayer for Provisional Authority.

³ Decision , page 9.

"A perusal of the evidence presented herein showed that the retirement of substations in Cavite, Lucena II, Pagbilao, Forbes Park and Tondo as well as the withdrawal of the equipment and machineries installed therein, will redound to the benefit of the consumers in terms of continuous, reliable and efficient power supply as mandated by Republic Act 9136, or the Electric Power Industry Reform Act of 2001 (Section 2. Declaration of Policy) – (b) "to ensure the quality, reliability, security and affordability of the supply of electric power."

⁴ In the Matter of the Application for Authority to Retire (1) The Cavite Substation located at Cavite City, (2) The Lucena II Substation located at Lucene City, Quezon Province, (3) Pagbilao Substation located at Pagbilao, Quezon Province, (4) Forbes Park Substation

- (b) “to ensure the quality, reliability, security and affordability of the supply of electric power).”

Q8: What is the subject matter of the instant Application?

A8: In the instant Application, Applicant seeks authority from the Honorable Commission to retire the Palomar Substation and withdraw from service certain equipment and machinery installed therein.

Q9: Why is there a need to retire the said substation?

A9: Applicant has programmed the gradual conversion of odd voltage systems (distribution system with voltages other than 34.5 kV or 13.8 kV) to the ultimate standardized 20 kV/34.5 kV (line-to-neutral/line to line) distribution voltage system within its franchise area. Odd voltage distribution systems are generally stepped down from standard voltage facilities and are out – moded redundant systems that are no longer necessary under present conditions. The voltage standardization will reduce technical system loss, improve flexibility and reliability of electric service by phasing out isolated odd voltage systems and minimize equipment inventory types. Applicant continuously implements its Conversion Program with the aim of having standard voltage systems for its entire franchise area.

Palomar Substation is located at Tondo, Manila. The said substation is one of the odd voltage systems (with voltage other than 34.5 kV or 13.8 kV) within MERALCO's franchise area and is prone to flood. The substation has two (2) - 12.5 MVA, 34.5 kV - 6.24 kV power transformer banks which are both 56 years in service and one (1) 61-yr old – 20 MVA 34.5 kV-13.8 kV and all of which have reached their standard asset lives.

Thus, there is need to retire the Palomar Substation and withdraw from service certain equipment and machinery installed therein in line with its conversion program.

Q10: What will be the impact of retirement of said substation to the Regulatory Asset Base (RAB) of Applicant?

A10: Currently, Palomar substation is part of Applicant's Regulatory Asset Base (RAB). Upon its retirement, some of the equipment and machinery will be reused for distribution services and others will be withdrawn from service.

Q11: What is the impact of the retirement of the Palomar Substation to MERALCO's customers in the affected areas?

A11: This project would benefit the customers in Binondo and Tondo, Manila since the complete conversion of the existing circuits of Palomar Substation to 34.5 kV will provide the much needed reserve capacity for contingency operations, giving our customers in the area more flexible and more reliable source.

Further, the retirement of the power transformer banks and the complete conversion to 34.5 kV of circuits Palomar 15L and Palomar 18L, will result in technical system loss reduction of approximately 240,242 KWHR annually.

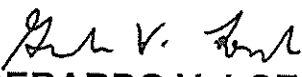
Q12: Why is MERALCO requesting for the issuance of a Provisional Authority under the instant Application?

A12: The issuance of Provisional Authority is warranted in the circumstances considering that there is no reason to continue energizing the Palomar substation as the loads thereof may be transferred to adjacent source circuits and that the conversion of the loads of Palomar Substation to 34.5 kV will result in an earlier reduction of technical system loss and improvement of the electric service by phasing out isolated odd-voltage system.

Q13: Can you tell us why you are executing this Judicial Affidavit?

A13: I am executing this Judicial Affidavit to attest to the truthfulness and veracity of the foregoing statements and in support of MERALCO's Application.

IN WITNESS WHEREOF, I have hereunto affixed my signature this ___th day of July 2016 at Pasig City, Philippines.


GERARDO V. LOZADA
Affiant

ATTESTATION

I, Atty. Carmen Grace S. Ramos, of legal age, Filipino, with office address at the 7th Floor, Lopez Building, Ortigas Avenue, Barangay Ugong, Pasig City attest to the following that:

1. I am the lawyer who conducted the examination of witness, Engr. Gerardo V. Lozada;
2. I have faithfully recorded or caused to be recorded the questions I asked and the answers given by the witness;
3. Neither I nor any other person coached the witness regarding his answers.

IN WITNESS WHEREOF, I have hereunto affixed my signature this JUL 08 2016, at Pasig City, Philippines.



ATTY. CARMEN GRACE S. RAMOS
Affiant

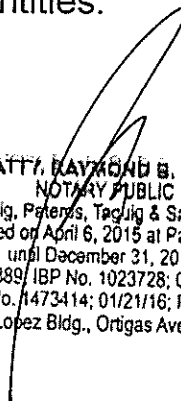
SUBSCRIBED AND SWORN TO before me this JUL 08 2016 day of July 2016 by Engr. Gerardo V. Lozada and Atty. Carmen Grace S. Ramos, exhibiting their SSS IDs with Nos. 0379802159 and 3410973533, respectively, as proof of their identities.

Doc. No.: 517;

Page No.: 106;

Book No.: I;

Series of 2016.



ATTY. RAYMOND B. YAP
NOTARY PUBLIC
Pasig, Pateros, Taguig & San Juan
Issued on April 6, 2015 at Pasig City
until December 31, 2016
Roll No. 55889/IBP No. 1023728; 01/08/16; Capiz
PTR No. 1473414; 01/21/16; Pasig City
7th Floor, Lopez Bldg., Ortigas Ave., Pasig City



ORTIGAS AVENUE, PASIG CITY
0300 PHILIPPINES

ANNEX " E "

SECRETARY'S CERTIFICATE

I, WILLIAM S. PAMINTUAN, a duly elected, qualified and incumbent Assistant Corporate Secretary of the Manila Electric Company (MERALCO), a corporation duly organized and existing under and by virtue of the laws of the Philippines, do hereby certify that:

At the regular meeting of the Board of Directors of the Company duly convened and held on February 23, 2015, at which meeting a quorum was present, acted throughout and voted, the following resolution amending the resolution of the Board on January 27, 2014 on the same subject, was approved and that said amendatory resolution is in full force and effect on the date hereof:

"RESOLVED, that the Board of Directors of the Manila Electric Company (MERALCO) authorize, as it hereby authorizes, Messrs. MANUEL V. PANGILINAN, Chairman, OSCAR S. REYES, President & Chief Executive Officer, SIMEON KEN R. FERRER, Corporate Secretary, ALFREDO S. PANLILIO, Senior Vice President, Head, Customer Retail Services and Head, Corporate Communication, RAMON B. SEGISMUNDO, Senior Vice President & Head, Human Resources & Corporate Services, ROBERTO R. ALMAZORA, Senior Vice President, RAFAEL L. ANDRADA, First Vice President & Treasurer, RUBEN B. BENOSA, First Vice President & Head, Corporate Logistics, Ms. IVANNA G. DELA PEÑA, First Vice President & Head, Regulatory Management Office, WILLIAM S. PAMINTUAN, First Vice President, Assistant Corporate Secretary, Compliance Officer and Head, Legal and Corporate Governance, RONNIE L. APEROCHO, First Vice President & Head, Networks, MARTHYN S. CUAN, Vice President & Head, Corporate Information and Technology, JOSE RONALD V. VALLES, Vice President and Head, Regulatory Affairs, MARIA ZARAH R. VILLANUEVA-CASTRO, Senior Assistant Vice President & Head, Corporate Legal Services, HORATIO ENRICO M. BONA, Assistant Vice President & Head, Litigation Team 2, RAUL G. CORALDE, Assistant Vice President & Head, Litigation Team 1, MICHELLE O. DELOS SANTOS-BONA, Assistant Vice President & Head, Legal Operations Support, EUGENE JUDE DENIS GERARD E. ALABANZA, Senior Manager & Head, Litigation Team 3, CORNELIO MANUEL C. DICCION, Manager & Legal Counsel, and any lawyer or employee of MERALCO that any of them may designate, name or appoint:

- (1) to represent the Company, in the institution, prosecution, and defense of any claim, complaint, action, proceeding, petition, application, protest, suit, or case, for or against the Company, before any court, prosecutor's office, regulatory, quasi-judicial, or administrative body, agency, or office of the national or any local government;
- (2) to sign, execute, and deliver in connection therewith the necessary or appropriate complaint, petition, application, position paper, memorandum, all types of pleadings and motions, verifications, affidavit-complaint, counter-affidavit, affidavit of merit, affidavit of desistance, affidavit of witness, and all other affidavits of whatever nature, certificate of non-forum shopping,

powers of attorney, certifications, and all other instruments as may be necessary or proper;

- (3) to represent the Company or to designate, name, and appoint a representative or an attorney-in-fact in behalf of the company during the investigation, inquest, preliminary investigation, preliminary conference, pre-trial, mediation, conciliation, arbitration, trial, execution, and all other stages of or incidents related to the case, proceeding or action; to negotiate, enter into, and agree to an amicable settlement, compromise agreement, plea bargaining, admissions or stipulations of fact or documents, simplification of issues, limitation on the number of witnesses, alternative modes of dispute resolution, withdrawal, dismissal or waiver of claim or action; and to perform and execute any and all actions or deeds as may aid in the prompt disposition of such cases, proceedings, or actions filed in behalf of or against the Company;

"RESOLVED, FURTHER, that any previous resolution of the Board of Directors on the same subject matter that is inconsistent herewith shall be deemed terminated, superseded and revoked."

Pursuant to the above resolutions, it is hereby certified that MERALCO is authorized to file the Application with the Energy Regulatory Commission (ERC) entitled "IN THE MATTER OF THE APPLICATION FOR AUTHORITY TO RETIRE THE PALOMAR SUBSTATION LOCATED AT TONDO, MANILA AND TO WITHDRAW FROM SERVICE CERTAIN EQUIPMENT AND MACHINERY INSTALLED IN SAID SUBSTATION, WITH PRAYER FOR PROVISIONAL AUTHORITY" and that Atty. JOSE RONALD V. VALLES, Vice President and Head, Regulatory Affairs, is an authorized representative and signatory of the Company with respect to the aforesaid application.

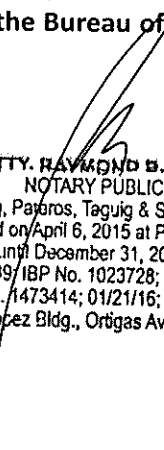
WITNESS THE SIGNATURE of the undersigned as such officer of the Company and its corporate seal hereunto affixed on this ____ day of July 2016.

JUL 08 2016


WILLIAM S. PAMINTUAN
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this JUL 08 2016 day of July 2016, affiant exhibited to me his Taxpayer Identification Number (TIN) 146-473-562, issued by the Bureau of Internal Revenue (BIR) as his competent evidence of identity.

Doc. No. 516;
Page No. 106;
Book No. I;
Series of 2016.


ATTY. RAYMOND B. YARI
NOTARY PUBLIC
Pasig, Pateros, Taguig & San Juan
Issued on April 6, 2015 at Pasig City
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Roll No. 55889/IBP No. 1023728; 01/08/16; Capiz
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7th Floor, Lopez Bldg., Ortigas Ave., Pasig City



Republic of the Philippines
SANGGUNIANG PANLUNGSOD
City Government of Pasig

ACKNOWLEDGMENT

This is to acknowledge the receipt of a copy of Manila Electric Company's (MERALCO) verified Application entitled "IN THE MATTER OF THE APPLICATION FOR THE AUTHORITY TO RETIRE THE PALOMAR SUBSTATION LOCATED AT TONDO, MANILA AND TO WITHDRAW FROM SERVICE CERTAIN EQUIPMENT AND MACHINERY INSTALLED IN SAID SUBSTATION, WITH PRAYER FOR PROVISIONAL AUTHORITY," *with attached Annexes*, served by MERALCO, prior to its filing with the Energy Regulatory Commission (ERC).

This acknowledgment is being issued upon the request of MERALCO for whatever legal intents and purposes it may served.

Issued this **27th** day of **July 2016** at Pasig City.

for: [Signature]
REYNALDO R. SAN BUENAVENTURA III
Acting City Council Secretary

/yhe2016

Republic of the Philippines
Office of the Sangguniang Panlungsod
City Government of Manila

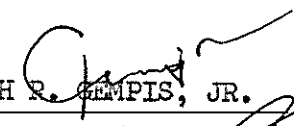
ACKNOWLEDGMENT

This is to acknowledge the receipt of a copy of Manila Electric Company's (MERALCO) verified Application entitled "IN THE MATTER OF THE APPLICATION FOR AUTHORITY TO RETIRE THE PALOMAR SUBSTATION LOCATED AT TONDO, MANILA AND TO WITHDRAW FROM SERVICE CERTAIN EQUIPMENT AND MACHINERY INSTALLED IN SAID SUBSTATION, WITH PRAYER FOR PROVISIONAL AUTHORITY," *with attached Annexes*, served by MERALCO, prior to its filing with the Energy Regulatory Commission (ERC).

This acknowledgment is being issued upon the request of MERALCO for whatever legal intents and purposes it may served.

Issued this 1st day of August 2016, City of Manila.

(SGD)


LUCH R. EMPIS, JR.

City Council Secretary

NOTE: Affix Seal

BusinessMirror

A broader look at today's business

REPUBLIC OF THE PHILIPPINES)

MAKATI

) S.S.

AFFIDAVIT OF PUBLICATION

I, JENNY J. NAMANG legal age, Filipino
PHILIPPINE BUSINESS DAILY MIRROR PUB
Dominga Bldg., 2113 Chino Roces corner Dela Rosa
Philippines. after having been duly sworn to in acco
hereby declare and testify.

That I am the Credit & Collection of BUSI
newspaper which is published in English, edited at
Manila, and circulated nationwide from Monday
editorial and business address at 3/F Dominga Bldg
Sts. cor. Dela Rosa Street Makati City.

That the
PLACE AD

APPLICANT/PETITIONER

MANILA ELECTRIC COMPANY (M

ERC CASE NO. _____

APPLICATION

text of which could be read/deed as follows:

AS PER ATTACHED

has been published in Business Mirror in its is
July 27, 2016.

AFFIANT FURTHER SAYETH NA

Manila, Philippines

JENNY J. NAMANG

Affiant

SUBSCRIBED and SWORN to before me this

1 JUL 27 2016 2016 at Makati
Philippines.

Affiant exhibited to me her TIN ID No. 297-257-600-000 issued 08-17-10
& SSS ID No. 09-3027971-0 with picture.

Doc.No. 300
Page No. 70
Book No. 131
Series of 2016

RUBEN T.M. RAMIREZ

NOTARY PUBLIC

UNTIL DEC. 31, 2017

APPT. NO. M-23 (2015-2016)

IBP No. 1009530 / CY-2016

ROLL NO. 28947/MCLE-4 NO. 0006324/6-10-2012

PTR NO. MKT 5323578/1-4-16 MAKATI CITY

NESSMIRROR in an interview.

In his first Sona, Mr. Duterte noted that small fishermen making a living out of the Laguna de Bay are left with very little area to ply their trade, with most areas of the Laguna de Bay allocated for private fish pens owned by big corporations.

"I can see it from the plane every time I go to Davao. Every time I can see that, there's really nothing left, and the fishermen are complaining about their loss, because they have very little left for them," Mr. Duterte said.

"The Laguna de Bay shall be transformed into a vibrant economic zone, showcasing ecotourism by addressing the negative impact of the watershed destruction, land conversion and pollution. This is what I'm telling you: The poor fishermen will have priority in its entitlements," he said.

He then directed Environment Secretary Regina Paz L. Lopez to reduce the areas of occupation of those holding big areas of the Laguna de

Bay, and disclosed the entitlements are owned by retired

Not generals, but big corporations

BUT Manda said the big entitlements in the Laguna de Bay are big corporations, with the retired generals, referred to by Duterte, having dwindled over the years.

Manda explained the entitlements currently held by big corporations may range from 1,000 hectares of the land. He said some corporations have big entitlements, but they are using those entitlements for their dummies.

Manda, who served as director of the LLDA during the Duterte administration, said some of the 90,000-hectare land of the Laguna de Bay is held by entitlements given to private persons to manage and develop fish pens.

Although the license

versal charge

Busin



and stranded contract costs of National Power Corp. (NPC), as well as qualified stranded contract cost of distribution utilities. On the average, P0.35 per kilowatt-hour (kWh) is collected from consumers every month. The agency, however, did not provide any further details on how it plans to bring down the UG. Based on DOE data, UG collection as of May amounted to P0.468 billion. As of May 31, remittances of collecting entities (CEs) to Power Sector Assets and Liabilities Management Corp. (PSALM) amounted to P0.468 billion. This was noted by the Commission on Audit in its opinion for the year ended December 31, 2014. PSALM's 2014 Annual Report, which cited that collections from SPPD are not sufficient to pay for the capital and energy fees due to the independent power producer (IPP), expenses and other related expenses necessary for the operation of the power plant, and for the amortization of the outstanding loans of